

## Message Text

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ACTION EB-07

INFO OCT-01 ISO-00 AF-06 ARA-06 EA-06 EUR-12 NEA-10 IO-10

OIC-02 AGR-05 L-03 SP-02 AID-05 NSC-05 CIEP-01

TRSE-00 SS-15 STR-04 OMB-01 CEA-01 INRE-00 SSO-00

NSCE-00 CIAE-00 COME-00 FRB-03 INR-07 NSAE-00 USIA-06

XMB-02 OPIC-03 LAB-04 SIL-01 /128 W

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O R 071853Z JUL 75

FM AMEMBASSY LONDON

TO SECSTATE WASHDC IMMEDIATE 2640

INFO AMEMBASSY CANBERRA

AMEMBASSY BRASILIA

AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

AMEMBASSY BUJUMBURA

AMEMBASSY BOGOTA

AMEMBASSY SAN JOSE

AMEMBASSY SANTO DOMINGO

AMEMBASSY QUITO

AMEMBASSY SAN SALVADOR

AMEMBASSY ADDIS ABABA

AMEMBASSY ACCRA

AMEMBASSY GUATEMALA

AMEMBASSY CONAKRY

AMEMBASSY PORT AU PRINCE

AMEMBASSY TEGUCIGALPA

AMEMBASSY NEW DELHI

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AMEMBASSY KINGSTON

AMEMBASSY NAIROBI

AMEMBASSY MONROVIA

AMEMBASSY MEXICO

AMEMBASSY MANAGUA

AMCONSUL LUANDA

AMEMBASSY YAOUNDE

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AMEMBASSY BANGUI

AMEMBASSY COTONOU  
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AMEMBASSY FREETOWN  
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AMEMBASSY PORT OF SPAIN  
AMEMBASSY CARACAS  
AMEMBASSY KINSHASA  
AMEMBASSY LAGOS  
AMEMBASSY LA PAZ  
USMISSION GENEVA  
USMISSION EC BRUSSELS  
AMEMBASSY BONN  
AMEMBASSY BRUSSELS  
AMEMBASSY COPENHAGEN  
AMEMBASSY DUBLIN  
AMEMBASSY LUXEMBOURG  
AMEMBASSY OSLO  
AMEMBASSY PARIS  
AMEMBASSY ROME  
AMEMBASSY THE HAGUE  
USMISSION OECD PARIS

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E.O. 11652: N/A

TAGS: ETRD, EAGR, OCON

SUBJECT: NEGOTIATIONS FOR A NEW INTERNATIONAL  
AGREEMENT

REF: LONDON 10051

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1. SECOND WEEK OF SPECIAL SESSION OF INTERNATIONAL

COFFEE COUNCIL CONSISTED MAINLY OF BILATERAL CONSULTATION  
UNSUCCESSFUL ATTEMPTS BY PRODUCERS TO UNIFY POSITIONS,  
PRESENTATION OF UNIFIED CONSUMER STATEMENT OF OBJECTIVES  
AND VERY LITTLE PROGRESS TOWARD REACHING PRODUCER/  
CONSUMER AGREEMENT ON TEXTS AND MECHANISMS FOR A NEW ICA.  
WEEK MARKED BY DEVELOPING CONSUMING COUNTRY CONSENSUS

ON MAIN ELEMENTS OF NEW ICA AND BY TOTAL DISARRAY AMONG PRODUCERS.

2. DESPITE AGREEMENT IN PRINCIPAL AMONG PRODUCERS AND CONSUMERS TO BEGIN DETAILED EXAMINATION OF MAJOR SUB-STANTIVE ISSUES STARTING JULY 1, FORMAL WORKING GROUP SESSIONS WERE FEW AND UNPRODUCTIVE. PRODUCERS PREEMPTED MUCH OF THE TIME AVAILABLE FOR PLENARY MEETINGS WITH CAUCUSES OF THEIR VARIOUS GROUPS REPRESENTING REGIONAL, SUB-REGIONAL, AND COFFEE TYPE (I.E. PRODUCERS OF "OTHER MILDS") INTERESTS. PREDICTABLY, THE PROBLEM WHICH DIVIDES PRODUCERS IS THEIR TOTAL PREOCCUPATION WITH THE BASIC DIVISION OF MARKET SHARES. A PROPOSED NEW FORMULA FOR MARKET SHARES SEEMS TO EMERGE FROM EVERY PRODUCER

GROUP MEETING. OLD RIVALRIES AND ANIMOSITIES AMONG PRODUCERS RESULTING FROM ALLEGATIONS OF PAST WRONG DOINGS ARE VERY CLOSE TO THE SURFACE. IN THIS ATMOSPHERE PRODUCERS AS A GROUP SEEM TO FIND IT DIFFICULT TO DIRECT THEIR ATTENTION TO SERIOUS CONSULTATION ON THE OPERATING MECHANISMS FOR A NEW AGREEMENT.

3. CONSUMERS HAVE SPENT MUCH OF THEIR TIME DISCUSSING AMONG THEMSELVES ALTERNATIVE PROPOSALS FOR A NEW ICA. AS THE VARIOUS APPROACHES ARE CONSIDERED AND STUDIED, A CONSUMER CONSENSUS APPEARS TO BE EMERGING. AT THE REQUEST OF THE CONSUMER CAUCUS, THE U.S. PREPARED A GENERAL STATEMENT OF CONSUMER OBJECTIVES FOR A NEW ICA WHICH WAS UNANIMOUSLY ADOPTED AND FORMALLY PRESENTED TO PRODUCERS AT A WORKING GROUP MEETING JULY 5. STATEMENT WILL BE SENT SEPTEL.

4. PRODUCER REACTION TO THIS CONSUMER INITIATIVE WAS LIMITED OFFICIAL USE

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GENERALLY FAVORABLE, AND SEVERAL OF THE LARGER PRODUCER DELS REQUESTED CONSUMERS TO PREPARE A SECOND PAPER

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OPIC-03 LAB-04 SIL-01 /128 W

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O R 071853Z JUL 75

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SPELLING OUT THE MECHANISMS THEY PROPOSED TO MEET THEIR OBJECTIVES. CONSUMERS AGREED TO DO SO EARLY IN WEEK OF JULY 7. U.S. DEL OVER WEEKEND PREPARED A SUMMARY OF ALTERNATIVE MECHANISMS FOR CONSUMER CAUCUS TO CONSIDER  
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STARTING JULY 7. AT THIS POINT IT APPEARS QUITE POSSIBLE THAT CONSUMERS MAY REACH AGREEMENT ON FAIRLY SPECIFIC OPERATING PROVISIONS FOR NEW ICA WELL BEFORE PRODUCERS CAN AGREE ON MARKET SHARES.

5. U.S.DEL HAS HAD REGULAR BILATERAL CONTACT WITH MAJOR PRODUCERS AND STILL FINDS STRONG WILL TO REACH EARLY AGREEMENT. HOWEVER, THE DIVISIONS AMONG THE MAJOR PRODUCERS ARE SHARP AND MAY BE GROWING. TYPICAL OF THE TYPE OF PROBLEM PRODUCERS ENCOUNTER WAS A REQUEST FROM CAMEROON TO THE EXECUTIVE BOARD TO REVISE ITS EXPORT STATISTICS FOR COFFEE YEARS L968/69 THROUGH 1971/72 TO

REFLECT AN ADDITIONAL 1.3 MILLION BAGS OF COFFEE IT EXPORTED ILLEGALLY UNDER OLD AGREEMENT. CAMEROON, OF COURSE, WANTS THE HIGHER FIGURE INCLUDED IN ITS HISTORICAL BASE FOR QUOTA COMPUTATION. IN AN EXECUTIVE BOARD

MEETING, IT WAS STRONGLY SUPPORTED BY THE OTHER AFRICAN PRODUCERS AND BY EL SALVADOR (WHICH HOPES FOR SIMILAR TREATMENT) AND VEHEMENTLY OPPOSED BY BRAZIL, COLOMBIA AND GUATEMALA.

6. AT BEGINNING OF THIRD AND FINAL WEEK OF NEGOTIATING SESSION, IT APPEARS UNLIKELY THAT COUNCIL WILL BE ABLE TO REACH AGREEMENT ON MOST MAJOR ECONOMIC PROVISIONS FOR A NEW ICA BY JULY 11. CONSUMER SUGGESTIONS JULY 4 TO MAJOR PRODUCERS THAT A SMALL CONTACT GROUP BE SET UP TO SEEK SOLUTIONS TO MAIN ISSUES WERE DECLINED BY BRAZIL AND IVORY COAST AS "PREMATURE". PRODUCERS OBVIOUSLY FEEL THEY MUST GET OWN HOUSE IN ORDER BEFORE ENTERING SERIOUS NEGOTIATIONS WITH CONSUMERS. UNLESS BREAKTHROUGH ON MARKET SHARES COMES EARLY IN WEEK, MAJOR PROGRESS TOWARD A NEW ICA MAY HAVE TO WAIT UNTIL THE FALL.

RICHARDSON

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## Message Attributes

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**Draft Date:** 07 JUL 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
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**Disposition Approved on Date:**  
**Disposition Authority:** izenbei0  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
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**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
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Margaret P. Grafeld  
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